

# Minutes

## Seattle City Employees' Retirement System Regular Board Meeting

**Thursday, August 3, 2006 - 9:00 a.m.**  
**Pacific Building, 10<sup>th</sup> Floor**

**Present:** Richard McIver, Dwight Dively, Mark McDermott, Lou Walter, Mary Norris and Rod Rich.

**Absent:** Frank Mathews.

**Also Present:** Ken Leask – ARSCE, Walt North – ARSCE, Gwen Jensen – ARSCE, Ken Hunich – ARSCE, Bill Farrell - ARSCE, Mike Monaco – Song Mondress, Norm Ruggles and Mel Robertson.

**Public Comment:** None.

### Minutes:

Upon motion by Dwight Dively, seconded by Rod Rich, the Retirement Board approved the minutes, as amended, from the July 6, 2006 Retirement Board meeting.

### Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals:

**Information:** The following items represent normal expenses and nothing extraordinary.

Service	\$ 6,118,672.38
Beneficiary	676,518.58
Disability	61,594.32

<b>Pension Payroll – July 2006</b>	<b>\$ 6,856,785.28</b>
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<b>Office Payroll</b> - pay period ending June 27, 2006	\$ 26,627.36
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<b>Office Payroll</b> - pay period ending July 11, 2006	\$ 26,330.59
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<b>Vouchers Processed</b> - from June 30, 2006 through July 26, 2006	\$ 100,317.80
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\* \$ 24,967.56 Expert and Consultant Services

### Immediate Withdrawal of Contributions:

<u>Member</u>	<u>Department</u>	<u>Position</u>
Anderson, Mary M	HSD	HR Specialist
Belnap, Troy R	Seattle Center	Usher
Blinder, Judith Naomi	Light	Strategic Advisor
Brown, Charlene	Police	Crossing Guard
Byrne, Ann Alexia	Light	Mech Engineer Asst
Flanagan, Michael N	Hosing	Finance Analyst Sr
Frazier, Patrick E	Parks	Rec Program Spec
Gadbois, Timothy M	Park	Park Maintenance Aide
Hall, Steve L	Seattle Center	Civil Engineer Spec Assoc
Hudson, Donna Fay	HSD	Rec Coordinator Sr
Kennedy III, John J	FFD	Real Property Agent Sr
Lahti, Erin E	SPU	Admin Spec II
Loesch, Karen	ESD	Economist
Marsh, Dustin B	SPU	Utility Acct Rep 1
Morris, Karen K	Police	Admin Spec II
Ross, Susan	Housing	Admin Spec II
Senour, Marilyn L	SEATRAN	Planning Development

Shankar,Anisha  
Smith,Andre Lionell  
Tobias,Elizabeth J

Exec Dept  
Parks  
City Light

Admin Spec I  
Maint Laborer  
Customer Service Rep

Upon motion by Dwight Dively, seconded by Rod Rich, the Board ratified the Retired Payroll, Office Payroll, other Payments and Withdrawals.

## Ratification of Service Retirements:

**Information:** The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Akau,Clifford W	7/5/2006	21	203	SPU	Truck Driver	58	S,G-100
Allestad,Theodore K	7/6/2006	35	195	City Light	Meter Elec Working CC	63	E
Ash,Diane K	7/11/2006	30	255	Police	Admin Spec II	56	A
Azurin,Carmelo A	6/3/2006	8	349	City Light	Janitor	70	E
Beach,Jack C	7/6/2006	29	4	City Light	Elec Power Systems Engr	60	E
Bullock,Joan L	7/1/2006	20	221	City Light	Admin Spec II	53	A
Church,Dorothy Nelsen	7/6/2006	35	305	City Light	Exec Asst Sr	59	B
Clausen,Robert L	6/14/2006	24	137	Seattle Center	Manager 2	62	D
Diaz,Terry E	6/14/2006	21	11	Library	Library Tech I	70	D
Flaherty,Janice M	6/1/2006	2	106	Vested/Dual	Vested	52	S,G-100
Francisco,Antonio	7/6/2006	15	262	SEATRAIN	Asphalt Raker	60	E,G-100
Gibbs,Charles W	7/1/2006	14	38	Vested	Vested	65	E
Graham,James S	7/12/2006	35	355	City Light	Cable Splicer	64	B
Hubbard,Timothy A	6/14/2006	10	2	Muni Courts	Muni Court Marshall	59	E
Huff,Glen E	7/5/2006	38	109	City Light	Mat Suplr Elec-Asg Elec	62	D
Luboff,Christine M	6/14/2006	20	224	SPU	Strat Advsr 2	60	S
Masters,Joan M	6/3/2006	13	108	K.C. Health	Public Health Nurse	57	A
McDowell,Donald	7/6/2006	30	12	Police	Photographic Svcs Super	57	S
McKinney,Norma Jean	7/12/2006	7	271	Personnel	Executive 3	64	E
Nelson,James A	7/6/2006	25	184	Library	Library Associate II	62	D
Ostrom,Thomas C	7/12/2006	27	95	Parks	Rec Program Coord Sr	53	E
Paquette,Daniel J	6/23/2006	20	31	DoIT	Information Technology	56	E
Richards,Diane T	6/14/2006	20	23	Human Services	Home Based Care Super Sr	54	B
Shaffer,Charles L	7/6/2006	32	282	City Light	Electrical Engineering Spec	56	D
Skinner,J G	6/14/2006	37	285	City Light	Elec Power Sys Prn	62	E
Soliman,Theresa M	6/19/2006	23	4	Police	Admin Spec I	52	F,G-100
Watson,Daniel David	6/14/2006	12	314	ESD	Tax Auditor	62	D
Williams,Onna M	6/14/2006	20	215	SPU	Utility Acct Rep I	56	S,G-50
Young Jr.,Frank	6/17/2006	30	4	City Light	Elec Con Wkg CC Asg	48	S

Upon motion by Dwight Dively, seconded by Mary Norris, the Retirement Board approved the service retirements listed above, pending final review.

Last month 60 new members entered the System, 29 retired and 46 others terminated City employment.

Lou Walter joined the meeting at 9:12 a.m.

Mark McDermott joined the meeting at 9:13 a.m.

## **Ratification of Investment Transactions and Statement of Securities and Cash:**

Norm reviewed the funding ratio along with monthly and year-to-date performance numbers on the Investment Summary report for June 2006. Mel highlighted items in the Investment Summary report and commented on likely investment results in July.

Upon motion by Lou Walter, seconded by Dwight Dively, the Retirement Board approved the Investment Summary report.

## **Investment Committee Report:**

The Investment Committee is scheduled to meet at 9:30 a.m. on Thursday, August 31, 2006 in the Retirement Office. The Investment Committee and Advisory Committee are scheduled to meet at noon on Thursday, August 31, 2006 in the Retirement Office.

Mel provided a handout summarizing the presentations made by the firms that were selected as finalists in the non-U.S. equity manager search. Mel presented the Committee recommendation to hire Boston Company to manage a \$50 million non-U.S. large cap core portfolio, and to invest \$10 million in the Dimensional Fund Advisors International Large Cap Value Fund. The Board asked questions and discussed the matter.

Upon motion by Rod Rich, seconded by Lou Walter, the Retirement Board approved the Investment Committee recommendation to hire Boston Company to manage a \$50 million non-U.S. large cap core portfolio, and to invest \$10 million in the Dimensional Fund Advisors International Large Cap Value Fund.

Mel then discussed the rebalancing process, especially as it relates to the real estate portfolio. The Committee has authorized the redemption of \$20 million from the RREEF REIT II fund. He then presented the Committee recommendation to close the account with the MEPT Real Estate Fund. The performance of these funds has lagged that of other open-ended real estate funds that would normally be used when rebalancing is necessary.

Upon motion by Lou Walter, seconded by Mary Norris, the Retirement Board approved the Investment Committee recommendation to close the account with the MEPT Real Estate Fund.

## **Executive Director Report:**

Norm led a discussion with the Board regarding recent newspaper articles that include information about Quellos and past involvement with certain tax shelter vehicles. The Board asked staff to continue to gather information and monitor the situation.

Norm discussed the current audit firm contract. Deloitte & Touche has one year remaining on their contract, but has informed us that their firm is less focused on auditing governmental operations. Norm and Mel reported on the process used in the recent audit. After a discussion the Board decided to terminate the existing contract with Deloitte & Touche and begin an audit firm search.

Upon motion by Dwight Dively, seconded by Lou Walter, the Retirement Board voted to terminate the contract with Deloitte & Touche and to have staff do an RFP for auditing services.

## **Old Business:**

### **(1) Status of Benefit Enhancements**

The Board was informed that the estimated current funding level of the Retirement Fund is 89.43% as of June 30, 2006.

## **New Business:**

### **(1) Disability Committee Report**

Mel reported that the Disability Committee recommends the Board deny the appeal and protest of Beverly McClister. There was discussion among the Board, Mike Monaco and Mel.

Upon motion by Lou Walter, seconded by Dwight Dively, the Retirement Board voted unanimously to deny the appeal and protest by Beverly McClister and to reaffirm the denial of her application, based on the medical reports of the independent panel of physicians, related materials and the recommendation of the Disability Committee.

## **Adjournment**

Upon motion by Rod Rich, seconded by Dwight Dively, the Retirement Board voted to adjourn the meeting at 10:18 a.m.

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Mark McDermott, Secretary